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Mäki, Uskali

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Performativity: Saving Austin from MacKenzie

Uskali Mäki
University of Helsinki

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Abstract

The new economic sociology claims to have adopted the notion of performativity from J.L Austin, has put it in new uses, and has given it new meanings. This is now spreading and has created another vogue term in the social and human sciences. The term is taken to cover all sorts of aspects in the ways in which the use of social scientific theories have consequences for the social world. The paper argues that the expansive use of ‘performativity’ obscures the Austinian idea and thereby impoverishes the conceptual resources available for analyzing the nuances in the complex theory/world connections. Importantly, it blurs the difference between constitutive and causal relationships, both of which actually are involved. Instead of *economics performs the economy* as the sociologists say, it would make more sense to say, *the economy performs economics* – but even this is would be undermotivated.

1. Introduction

Performativity is a new vogue word in the vocabulary of contemporary social science. Next to its other instantiations, sociologists Michael Callon, Donald MacKenzie and others have argued that economics has a “performative” relationship with the economy. Economics does not describe and explain a pre-existing economy, but rather shapes the social world by “performing” it. For example, the structure of financial markets and the practice of finance are influenced by modern finance theory: the latter “performs” the former (MacKenzie 2006). For another, economists have been active in advising governments in Bolivia, Chile, Poland and Russia by designing markets and policies: again, the latter are being “performed” by economics (MacKenzie et al 2007, 2). This way of speaking has now become popular within the social sciences more broadly when characterizing the ways in which social scientific theory and research relate to the social world. The insight is said to be “the most challenging recent theoretical contribution to economic sociology” (MacKenzie & Millo, 2003:107).

These new performativity theorists have adopted the term from J.L. Austin's theory of speech acts, apparently believing that this will bring illumination to the intricate ways in which economic ideas and practices are intermingled. I remain unconvinced about this and will try to point out that instead of illuminating, this terminology has managed to obscure an important set of facts about social reality. The term had better be returned and restricted to its original use. (For another set of queries, see Didier 2007.)

My focus will be on terminological and conceptual issues, so I leave aside the empirical issue of whether the claims of the new sociological performativists are supported by empirical evidence. Like the earlier and similar idea of "social construction" and its kin, "performativity" has remained unclear in its precise contents and consequences. Expanding on earlier work (Mäki 2008, 2012), the paper briefly examines the notion, spelling out in some detail why the relationship between economics and the economy is not Austinian-performative, and arguing that there is no reason to obscure the Austinian notion by extending the domain of 'performativity' far beyond its authentic Austinian domain; this only leads to an impoverishment of the conceptual resources available for recognizing the full diversity of aspects in the relationship between economics and the economy. Among the advocates of the performativity thesis, my main focus is on MacKenzie's formulations since they tend to be relatively more scrutable.

2. From Austin to MacKenzie

In his articles, books and talks, MacKenzie has been explicit in appealing to J.L. Austin's ideas. In a 2004 article (that promises to provide "conceptual clarification") MacKenzie starts putting forth a typology of two kinds of performativity. He draws a distinction between "Generic" and "Austinian" performativity. He explains the meaning of the latter thus: "To ask whether a model in financial economics is performative in the Austinian sense is to ask ... whether the effect of the practical use of the model is to change patterns of prices towards greater compliance with the model" (2004, 306). MacKenzie has later augmented this typology, but before discussing the new one, let us consider some general characterizations.

It is hard to find a clear unambiguous definition of the notion of performativity in the sociological literature. It might be illuminating to consider the available characterizations as exemplifications of this simple general form of statements about performativity:

X performs Y

In the relevant new performativist literature, *X* is variously taken to denote things such as ‘economics’, ‘economists’ and ‘financial models’; *Y* stands for ‘markets’ and ‘economic processes’ and ‘economic relationships’ and so on; while the relationship between *X* and *Y*, that of performing, is also referred to as ‘shaping’ and ‘making’ and ‘constructing’ etc. (There are other exemplifications, some of them rather confusing, but I put them aside here.) These expressions appear in the titles and subtitles of two representative books: *Do Economists Make Markets?* (MacKenzie et al. 2009) and *How Financial Models Shape Markets* (MacKenzie 2006). So it would seem that generally, when *X* performs *Y*, it is the case that somehow *X* contributes to the existence or emergence or (change in the) properties of *Y*.

The “performativity thesis” is often contrasted with the idea that economic theory *describes and explains* economic phenomena. The new sociological performativists say they reject “traditional” views about science according to which science seeks to truly describe and explain phenomena. So goes Callon in characterizing what he disputes: “The discovery of formulas such as that of Ramsey or of Black-Scholes does not change behavior; it describes and clarifies it, just as Newton’s laws have not changed the behavior of falling apples” (Callon 2007, 314). Disputing this idea looks similar to Austin’s key point that performatives do not report or describe, truly or not, the speaker’s actions; performatives help create new things rather than describe pre-existing things. According to Callon and MacKenzie, performing involves *changing rather than describing the world*. Callon puts this also by saying that “discourse *acts on* its object” (2007, 316), while MacKenzie talks about “option theory’s practical consequences” (2006b, 6) and, employing a characteristic Austinian phrase, to “claim that economics is performative is to argue that *it does things*, rather than simply describing (with greater or lesser degrees of accuracy) an external reality that is not affected by economics” (MacKenzie 2006a, 29; italics added). Adapting the title of Austin’s major book (*How to Do Things with Words*), Francesco Guala chooses to entitle his paper as “How to do things with experimental economics” (Guala 2009).

A further idea is that rather than describing and explaining the economy, watching it from outside as it were, economics changes it from within. Economics and economists are *inside rather than outside the economy*. “By participating in the economy, [economics] would place itself within the object it is supposed to be studying from the outside...” (Callon 2007, 315). MacKenzie puts it similarly: “The academic discipline of economics does not always stand outside the economy, analyzing it as an external thing; sometimes it is an intrinsic part of economic processes. Let us call the claim that economics plays the latter role *the performativity of economics*.” (MacKenzie 2006, 16)

So, when saying ‘*X performs Y*’ the new sociological performativists seem to be saying that ‘*X changes Y from within Y*’. But we don’t yet know what it is for *X* to change *Y*, and what it is for *X* to be within *Y*. We need to look elsewhere for further clarity. MacKenzie’s much-cited augmented typology of kinds of performativity (MacKenzie (2006, 17; 2007, 55-56) might be expected to offer some help:

Generic performativity: An aspect of economics (a theory, model, concept, procedure, data set, etc.) is used by participants in economic processes, regulators, etc.

Effective performativity: The practical use of an aspect of economics has an effect on economic processes.

Barnesian performativity: The practical use of an aspect of economics makes economic processes more like their depiction by economics (while *counterperformativity* makes them look less like their depiction by economics).

As we will see in subsequent sections, these formulations are helpful for seeing the difference of these notions from the authentic Austinian notion of performativity. Here I want to make a few immediate observations. First, the typology suggests that it is not correct after all to take performativity generally to imply *making a contribution to a change or having a consequence*. This is a characteristic of effective and Barnesian versions only, but generic performativity lacks it – it only talks about economics *being used*. Second, the definition of Barnesian performativity (as well as counterperformativity) suggests that performativity, after all, does *not rule out the possibility of true description*. Indeed, the formulation implies that possibility. So it is not the case that if a theory “performs” its target, it therefore is not or cannot be (more or less) true about it.

Third, this new typology drops the attribute ‘Austinian’ and replaces it with ‘Barnesian’ (after the sociologist of scientific knowledge Barry Barnes), but the definition remains intact, which is to say that the same concept only becomes renamed. MacKenzie motivates this by saying that “the invocation of Austin could be read as suggesting that the performativity of economics was a linguistic matter” (MacKenzie 2006a, 29fn) and that to “analyze performative utterances using only linguistic philosophy is ... to treat them as ‘magic’” (MacKenzie 2006a, 43; 2007, 68). He seems to suggest that in order to avoid treating performativity as merely linguistic magic, we need to see that their “felicity conditions” (conditions required for a performative to be effective) are social conditions. In the case of the wide practical adoption of the Black-Scholes-Merton model in the financial markets, these conditions have included the authority of economics, the model’s cognitive simplicity, and its public (also technical) availability (2006a, 43-44; 2007, 69-71). However, it is not clear why the idea of felicity conditions being social conditions would justify the move from ‘Austinian’ to ‘Barnesian’ given that Austin’s own open-ended list of felicity conditions includes requiring that right words be uttered by individuals with appropriate statuses in right circumstances, and that these things are governed by social conventions (Lectures II & III in Austin 1962).

Fourth, there *is* a very good reason for removing ‘Austinian’ from the typology as articulated by MacKenzie. It is the same reason that suggests removing the general umbrella term ‘performativity’. Let me explain.

3. Constitution and causation

On Austin’s (1962) account of performativity, one performs an action by uttering some string of words, a performative sentence. If I say “I promise to deliver the paper by the deadline” I am thereby promising to deliver the paper by the deadline. To utter a performative sentence is not to *describe* a pre-existing action (that of promising), nor does “I promise” *cause* the promise. To utter the sentence *is* to promise, it is to perform the very action of promising. *Saying so makes it so* (provided the felicity conditions are met).

A key distinction in my argument can now be spelled out. The connection between speaking words and doing things is one of *constitution* rather than causation. Saying “I apologize” constitutes the act of apologizing. Saying “I agree” constitutes the act of agreeing. Those utterings do not *cause* those acts, rather those acts are *constituted* by those utterings. To utter those sentences *is* to take those actions.

This authentic meaning of performativity has been obscured by the literature on how economic theory can have consequences for economic reality. MacKenzie correctly recognizes the Austinian use of the term in characterizing certain speech acts in the world of finance such as when agreements and contracts are made. When, in response to an offer to sell or buy an asset at a particular price, someone says “done” or “agreed”, then a deal is agreed (MacKenzie 2006b, 16). Indeed, uttering such words performs the act of agreement, that is, constitutes the act in a non-causal manner. This is genuine performativity. MacKenzie should have left it here.

However, right thereafter (2006b, 17-19), and without warning or motivation, the extension of the word ‘performativity’ is vastly enlarged by offering the typology of three meanings that as such seem unrelated to the authentic meaning. These are the ones we cited above: generic performativity, effective performativity, and Barnesian performativity.

In none of these three types of case is the relationship between an aspect of economics and some aspect of the economy constitutive. A constitutive relationship would require that uttering or writing down an economic model for an audience (that understands the model and perceives the uttering as genuine and done in appropriate circumstances) establishes the model world as part of the real world. What is important is that in McKenzie’s three kinds of case, the connection between economics and the economy is supposed to be implemented by the “*use*” of economics by economic actors. But using an economic model goes well beyond just recognizing it uttered or written down properly and understanding its meaning in the context. *Use involves taking further action*. Many kinds of further activities are needed, such as informing, learning, applying, arguing, implementing, predicting, calculating, estimating, negotiating, persuading, mobilizing resources, investing, agreeing, solving problems, winning conflicts – by a variety of academic and non-academic agents in the course of time. This undermines the idea that saying so non-causally makes it so.

It is no news that economic theorizing can have, and actually does have, many kinds of consequences for the economy. But these consequences largely flow through indirect causal rather than direct constitutive connections. The popular phrase used is that the economy is “shaped” by economics. Literally speaking, economic theories do not shape the economy. Nor does economic inquiry. People do. In their various roles (as policymakers, students, investors, entrepreneurs, workers, consumers) people are exposed to the results of economic inquiry and they learn, directly or indirectly, about the contents of economic theories, explanations and predictions, and are inspired by them, perhaps by being persuaded by the proponents, so as to modify their beliefs and perhaps their motives. These modified beliefs and motives make a difference to their behaviour, and this has consequences for the economy. The flow of these complex connections is a matter of indirect causal influence rather than direct constitution. (See Mäki 2002.)

The same holds also for MacKenzie’s strongest form of “Barnesian performativity” whereby the use of a model makes it more true, makes it more closely correspond to the world. His example is the famous Black-Scholes-Merton model and the formula of option pricing derived from it. The formula has indeed been very important in informing and guiding practices in options markets. These practices “in their turn helped to create patterns of prices of which the model was a good empirical description. In that sense, the performativity of the model was indeed Barnesian.” (MacKenzie 2006b, 33) Again, there is no constitutive relationship here between the theoretical model and some empirical practices and patterns. If it happens that certain practices and arrangements and patterns in real world finance are in line with the Black-Scholes-Merton formula, this naturally does not mean that the theoretical formula or its uttering by those three and other academic scholars – or by practitioners in the world of finance -- “performs” those practices, making them occur by constitution. They may occur because the theoretical formula has managed to travel from academic research to economic practice in the manner outlined above. The connections are causal.

Sometimes the role of economists is rather direct in contributing to the shaping of the economy. In such cases the economist acts like an engineer rather than a theoretician interested in explaining phenomena. This is so in the new “design economics” that is directed towards meeting the practical demand for designing well-functioning markets (for whatever,

such as electricity or kidneys) while meeting some moral or other constraints (Roth 2002; see also Guala 2009 on this “builder” role of experimental economics).

4. Further queries about performativity -- Austinian and otherwise

Let me expand on the differences between the Austinian notion of performativity and that of the new sociological performativists. Consider the elements of ‘*X performs Y*’ in the two cases. What performs what? In the new performativist case, economic theories (*X*) perform markets (*Y*) by being used, perhaps with effects. In the authentic Austinian case, speakers (*X*) perform actions (*Y*) in uttering performative sentences in suitable circumstances. In uttering “I promise to pay you, *Europe*, my debt” *Manasses* performs the action of promising her to pay his debt. Now how do the two kinds of case compare – theories performing markets and speakers performing actions?

Consider first the *Y* part: *what is performed*. It is essential for the functioning of financial markets that they involve numerous promises and agreements put in terms of Austinian performatives. This is performativity within markets. Market agents perform certain kinds of actions. Their speech acts constitute those actions, and those actions partly constitute markets (or constitute parts or aspects of markets). In particular, contracts are at the core of markets, and contracts are Austinian-performed. By suggesting this much, am I not implying that markets are performed? Yes, with a proviso. The proviso is that market agents’ speech acts do not perform markets *in toto*; at most they perform just bits and pieces, or certain limited aspects, of markets. And these bit and pieces are far more limited than is suggested by the sociological performativity thesis.

Consider then the *X* part: *what performs*. The remarks above dealt with performativity within markets, with market agents performing actions. Much of the time, however, the new sociological performativists claim that economic theories (or economists) perform markets. And here we don’t find even partial Austinian-performativity. Theories are said to “perform” markets by way of travelling through an institutional structure and ultimately being used by market designers and market agents in their practices. But theories are not utterings, and utterings of theories don’t constitute markets, not even those aspects of markets that are Austinian-performed (those considered in the previous paragraph). Utterings of theories may

have powerful consequences for practice, but these consequences are not constituted by those utterings.

Austin himself has a familiar distinction that highlights the difference I have stressed between constitution and causation. It is the distinction between illocutionary and perlocutionary speech acts. Uttering one and the same sentence can serve both purposes. In one case, a speaker performs an action; in the other, she brings about effects or consequences. In an illocutionary speech act, “In saying I would shoot him I was threatening him” while in a perlocutionary act, “By saying I would shoot him I alarmed him” (Austin 1962, 122). Threatening is not a distinct consequence or effect of “I’d shoot you” whereas alarming is. “I’d shoot you” *is* to threaten, and threatening may have the external effect of the target person becoming alarmed. The speaker performs an illocutionary act, and this performance may have perlocutionary effects that are separate from the performance. Those effects are not performed by the speaker. They come about through a causal process.

Francesco Guala suggests a way of defending what he considers “genuine” performativity, one according to which economics contributes to “the making of *homo economicus*” by shaping people’s behaviour by virtue of its normative authority. Economic models typically postulate an image of economic agents in terms of behavioural powers and dispositions such as the rational pursuit of self-interest, and this provides normative guidance for actual behaviour. Guala believes this is akin to Austinian performativity: “Economics can shape behavior because it works in part as a *norm* for the agents in the market, just like the priest’s utterance ‘you are now man and wife’ creates powers and obligations for the individuals involved in a wedding ceremony.” (Guala 2007, 152-153). But the first case is not quite like the second. In the second case, the priest’s utterance constitutes the creation of a marriage with powers and obligations. In the first case, presenting (“uttering”) an economic model with *homo economicus* in it does not constitute the creation of rational economic men in the actual world. It may have causal consequences for actual behaviour by way of inspiration and encouragement, suggesting principles and policies, possibly to be adopted by acting people. Economics may have normative authority, but no Austinian-performative illocutionary force.

There is yet another important difference. One of the core connotations of ‘perform’ is that when performing an action or a task (or perhaps a play), one accomplishes it through and

through, completely from the beginning to the end. In virtue of the constitutive power involved, the Austinian notion of performative speech act has this connotation, while even the strongest “Barnesian performativity” does not have it. It is enough for the latter that the world becomes *more similar* to the model, so that the model becomes *more true*. By contrast, if I say “I promise to pay you 100 euros tomorrow” I will have thereby given a promise to pay you exactly 100 euros tomorrow, not 75 euros nor any time later than tomorrow nor anything less than a full promise. Such compromises would be analogical to “more similar” and “more true” in a model becoming less than completely true in consequence of being used. This is yet another reason why Barnesian performativity fails to be an instance of genuine performativity.

5. Performativity in the reverse direction?

I have suggested that it is hard to see the sense of talking about the performativity of economics in the way the sociological performativists mostly do. But there is another way of speaking that might make a little more sense. Instead of saying that economic theory performs the economy, we could reverse the direction by saying that *the economy performs economic theory*. So in our formula “X performs Y” X and Y would swap places. However, not even this would give us Austinian performativity; X would not perform action Y by uttering some performative. Instead, the relevant exemplars of this idea include performing a play in theatre and performing a musical composition, as in “Dramaten performs Strindberg’s *Creditor*” and “Helsinki Philharmonic orchestra performs Sibelius’s *Kullervo*”.

On this suggestion the analogy is between what could be generally considered scripts: written plays and musical compositions (such as *Creditor* and *Kullervo*) on the one hand, and economic theories and models (or what is derived from them, such as the Black–Scholes–Merton formula for option pricing) on the other. These scripts are then performed in concert halls and markets, respectively. The connotations are obvious: to perform a script is to execute, to carry out, to implement.

While this would make sense, or at least more sense, I am not proposing that this way of speaking should be adopted when studying the ways in which economics relates to the economy. It is hard to see any well-grounded motivation for it, just as it is hard to see any such motivation for the use of ‘performativity’ in ways that I am criticizing here.

6. So what's the problem?

Someone might argue that one is free to use language as one wishes, so if Callon and MacKenzie want to use 'performativity' in a new way for their purposes, there should be no complaint. Yet I do complain. I think the use of 'performativity' for characterizing the economics/economy relationship is not only unhelpful but harmful for several reasons. It obscures the pretty well established authentic Austinian meaning of the term and, with no motivation given, replaces it with a number of other poorly defined meanings. Fashionable and weakly controlled terminology here contributes to conceptual clutter. More specifically, it obscures the important difference between causal and constitutive relations, thereby reducing the conceptual capacities of the suggested framework in identifying different sorts of detail in the ways in which economics and the economy are related.

As we have seen, the complex process through which these influences travel from economics to the economy may, and typically does, contain Austinian-performative links or moments. These may include opening and adjourning meetings, setting new rules and laws, drawing contracts and quitting from them, bidding and requesting, endorsing and questioning proposals, announcing intentions and decisions, expressing flattery and denouncement, warning about risks and congratulating on successful strategies, and so on. In other words, there are constitutive links in the overall causal chain that connects economics and the economy. These constitutive links deserve to be recognized as being such, and for this to be possible, distinct concepts are needed.

Consider one of MacKenzie's passages: "Option theory was thus used as a guide to trading and to hedging, and also to legitimate option markets. For these uses to qualify as effective performativity, economic processes with the theory being used must differ from processes without it being used." (2006a, 39) This suggests that the overall relationship – between option theory and, say, patterns of option prices -- is causal (and analyzable in terms of counterfactuals and difference making). But the broad causal connection includes elements such as trading and hedging, and these involve Austinian-performative components such as contracting and promising and rule-setting.

Compare this to what might appear to be a somewhat different kind of case: physics and its engineering applications. Given their definitions of the term (e.g. in terms of MacKenzie's formulation of his four-fold typology), shouldn't the new sociological performativists be prepared to say that *physics performs bridges and computers*? Physics is being used, and it makes a difference. Using physics for designing and building bridges and computers is a causal process. Yet, it too contains Austinian-performative elements simply because the process is also a social one in that it involves things such as meetings, contracts, and promises required for organizing and resourcing the social and physical process of production. But it would make little sense to say that these elements are performed by physical theories; they are performed by people (many of them not physicists) acting within institutional structures, collectively contributing to the production of bridges and computers with the help of physics.

The damage done by the new sociological performativists is that by putting the vast mixture of ingredients and aspects of the theory-world relationship in one big box called 'performativity' they lose the capacity of recognizing genuine (Austinian) performative elements from other sorts of relationships. Their impoverished framework misses a conceptual resource that could be fruitfully used for a nuanced analysis of the complexities and diverse aspects in the economics-economy relationship. This is nothing but scientific regress that calls for conceptual recuperation. Only some initial steps in this project have been taken above.

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